

Filed for intro on 02/01/95  
Senate Bill \_\_\_\_\_  
By \_\_\_\_\_

House Bill No.HB0288  
By Ramsey

AN ACT to amend Tennessee Code Annotated, Title 71, Chapter 3, to enact the "Personal Responsibility and Employment Demonstration Program Act".

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 71, Chapter 3, is amended by adding Sections 2 through 13 of this act as a new part.

SECTION 2. The title of this act is and may be cited as the "Personal Responsibility and Employment Demonstration Program Act".

SECTION 3. (a) The general assembly finds and declares that:

- (1) Recipients of aid to families with dependent children (AFDC) possess a sense of personal responsibility;
- (2) An effective welfare reform initiative is one that requires a recipient to act upon a sense of responsibility when an opportunity for self-sufficiency is presented;
- (3) Historically, public assistance policy has resulted in AFDC recipients having to choose between a preference to be self-sufficient and the reality of not being able to obtain affordable health insurance and child care for their dependents when employed;

(4) A phenomenon referred to as the "cliff effect" occurs when employment earnings coupled with the loss of AFDC eligibility are insufficient to provide health insurance and child care and to meet household and business expenses;

(5) Any welfare reform plan should provide for the necessary support systems and incentives for recipients moving from public assistance to employment;

(6) A successful welfare reform plan requires solid partnerships between state and county governments, the public and private sectors, individual recipients and service agencies;

(7) The administration and disbursement of public assistance benefits should be simplified and streamlined through a distribution system that combines benefits into a single comprehensive package;

(8) Federal guidelines provide the state with an opportunity to test certain reform measures, evaluate outcomes, and formulate rational welfare reform policy that will result in the advancement of measures that work and the discarding of those that do not;

(9) The success of the state job opportunity and basic skills training (JOBS) should be expanded to provide more recipients with job opportunities and to reduce AFDC recidivism; and

(10) A welfare reform plan can impact positively the low rate of infant immunizations and overall school attendance, and can reinforce the value of obtaining a high school diploma or general equivalency diploma.

(b) Therefore, the general assembly declares that it is appropriate for the state to seek any necessary waivers from the federal government to authorize the state to implement on a voluntary county pilot basis a personal responsibility and employment demonstration program that promotes long-term self-sufficiency of AFDC recipients by providing support mechanisms and incentives for the recipient to maintain employment, obtain health insurance and meet

monthly expenses, including child care. It is the general assembly's intent that the implementation of the demonstration program is to test methods that promote long-term recipient self-sufficiency.

SECTION 4. As used in this act, unless the context otherwise requires:

(1) "AFDC recipient" means a person eligible for assistance under the aid to families with dependent children program, Tennessee Code Annotated, Title 71, Chapter 3, Part 1.

(2) "County department" means the office, agency or department designated by the county legislative body to operate the program in the county.

(3) "Demonstration program" means the personal responsibility and employment demonstration program authorized by this act.

(4) "Department" means department of human services.

(5) "Employable recipient" means any person in an AFDC household whose needs are considered in calculating an AFDC grant for the household who is over sixteen (16) years of age, and who would not otherwise be exempt from participating in the job opportunity and basic skills training program (JOBS).

(5) "JOBS program" means the job opportunity and basic skills training program set forth in 45 C.F.R. 250 administered by the department of human services.

SECTION 5. (a) The department shall be responsible for the development and implementation of a personal responsibility and employment demonstration program for recipients of AFDC, as follows:

(1) (A) On or before July 1, 1995, the department shall seek any necessary waivers from the federal government to develop and implement the program on a voluntary county pilot basis.

(B) Participants in the program shall be selected from among all recipients of AFDC residing in a pilot county. A participant may be exempted from participating in the

program or in any plan under the program for good cause in accordance with the provisions of subsection (i) of this section.

(C) The benefit and limitation plan specified in Section 7 shall apply to employable persons who are AFDC recipients or who are required to participate in the JOBS program.

(2) On or before January 1, 1996, the department shall make preparations for the implementation of the program. Such preparations shall include, but are not limited to, selecting participating counties and establishing criteria for program participants, selecting and contracting with an independent evaluator, soliciting participation from private entities for incentives under the education incentive plan, staff training, and policy development and rule-making.

(3) On and after January 1, 1996, or no later than ninety (90) days after the effective date of the waiver, whichever occurs later, the department shall implement the program, phasing in participants and case management staff with full implementation to be completed no later than July 1, 1996 or six (6) months after the initial implementation of the program based on the effective date of the waiver, whichever occurs later.

In addition, the department shall:

(1) Work with community providers to develop an adequate number and variety of supervised living alternatives designed to meet the individual needs of pregnant and parenting minors.

(2) Work with community providers to develop parenting, training and education options for pregnant minors and minor parents.

(3) Establish an information program to enable parents to learn about and take advantage of benefits and services that are available to parents who work outside the home.

(4) Increase public awareness of the Earned Income Credits (EIC) and encourage families who may be eligible to apply for those tax credits.

(5) In partnership with the department of labor, the department of economic and community development, and the private sector, develop one or more job training and employment programs for noncustodial parents to encourage long-term economic self-sufficiency and, by extension, their ability to pay child support.

(b) The demonstration program shall include the following:

(1) Income incentives and resource limitation adjustments, as described in subsection (c) of this section;

(2) An education incentive plan, as specified in Section 6;

(3) A benefit limitation and employment plan, as specified in Section 7;

(4) A comprehensive benefits package plan, as specified in Section 8;

(5) A preventive health care plan.

(c)

(1) Persons participating in the demonstration program may earn and retain monthly income in an amount to be established in accordance with subsection (f) and rules adopted by the department without becoming ineligible for assistance. However, the grant for an AFDC household participating in the demonstration program shall be calculated by disregarding a portion of all earned income of recipients in the AFDC household, such portion of income to be established in rules adopted by the department. In addition, an AFDC household shall be eligible for assistance until such time as the household's income reaches a specific percentage of the federal poverty level, such percentage to be established in accordance with subsection (f) and provisions approved by the federal government.

(2)

(A) Upon the implementation of the program, an AFDC household participating in the demonstration program shall be allowed one automobile that shall be exempt from the countable resources for the household.

(B) Beginning six (6) months after the implementation of the program, persons participating in the demonstration program may have resources in an amount to be established in rules adopted by the department without becoming ineligible for assistance. However, the resource limit shall not be more than five thousand dollars (\$5,000) for households in which a member is employed or was employed for six (6) consecutive months prior to applying for or receiving AFDC and shall not be less than two thousand dollars (\$2,000) for all other households.

(d) County departments participating in the demonstration program may develop volunteer-based programs for AFDC recipients participating in the demonstration program. In addition, the county departments may establish agreements or may contract with any public or private entity for the provision of cash payments, goods, or services as incentives for AFDC recipients participating in the demonstration program. Such services or incentives shall include, but are not limited to, job readiness training, client mentoring family budgeting, and money management training.

(e) The department shall adopt rules necessary for the implementation of the demonstration program in accordance with the Uniform Administrative Procedures Act, Title 4, Chapter 5. The department shall develop and implement administrative procedures for the demonstration program, including the use of cost-efficient administrative procedures and forms in implementing the demonstration program.

(f) In developing the waiver and rules concerning eligibility and benefit levels for individuals participating in the program, the department may consider the following limitations and requirements:

(1) Disregard the first one hundred fifty dollars (\$150.00) per month of earnings from an unsubsidized job and twenty-five percent (25%) of the remaining unsubsidized earnings in determining the amount of the family's grant payments.

(2) Disregard the first ninety dollars (\$90.00) per month of earnings from a subsidized job in determining the amount of the family's grant payments.

(3) Provide incentive payments for completing parenting education programs or related volunteer work as part of an individualized family development plan, or both.

(4) Permit parents holding at least a half-time job the option of receiving food stamp benefits in cash.

(5) Exclude education stipends, employment stipends, job training stipends and incentive payments in calculating grant payments or food stamps.

(6) Exclude the value of assets accumulated from the earnings of parents and children receiving AFDC for purposes of determining continuing eligibility for AFDC or food stamps.

(7) Exclude the first fifty dollars (\$50.00) of child support received monthly in determining food stamp benefits.

(8) Provide transitional medical assistance for thirty-six (36) months for families with a working parent who become ineligible for AFDC due to increased earnings, unless family income exceeds one hundred eighty-five percent (185%) of the federal poverty line.

(9) Extend transitional child care support for the duration of the economic need for such assistance.

(10) Make benefits available to a caretaker who is not a relative but is fulfilling a parental role, when it is in the best interest of the child that the caretaker receive such benefits.

(g) In developing the waiver and rules concerning eligibility and benefit levels for two-parent families participating in the program, the department may consider the following limitations and requirements:

(1) Allow two-parent families with earned income who would otherwise qualify for assistance to receive AFDC regardless of the number of hours worked and supplement their earnings with partial AFDC benefits and medical assistance.

(2) Eliminate the requirements for two-parent families that the primary worker must have worked at least six (6) quarters and be unemployed for at least thirty (30) days, so that two-parent and one-parent families may receive AFDC under more similar rules.

(h) In developing the waiver and rules concerning eligibility and benefit levels for minor parents in participating families in the program, the department may consider the following limitations and requirements:

(1) Require pregnant and parenting minors, including such minors under the age of sixteen (16), to attend school or an appropriate alternative education or training activity;

(2) Ensure that such minor's individual family development plan includes a requirement to participate in a case-managed support, education and training program;

(3) Require pregnant and parenting minors who are not emancipated to live with a parent or in an approved supervised living arrangement, with appropriate exemptions from such requirement;

(4) Allow pregnant and parenting minors who live with their parents to be eligible for AFDC and the amount of their AFDC be determined without consideration of their parents' income.

(i) In developing the waiver and rules concerning temporary deferments and permanent exemptions from work requirements, the department may exempt the following parents:



- (1) A parent for whom no unsubsidized or subsidized job is available;
- (2) A parent for whom support services, which are essential to employment and identified in the family development plan, cannot be arranged. Such services include intensive case management, education and job training, child care, and transportation;
- (3) A parent who is incapable of working due to a documented physical, emotional, or mental condition which can be reasonably presumed to present a substantial barrier to employment. Parents with temporary disabilities expected to last more than three (3) months shall participate in appropriate rehabilitation, education or training program;
- (4) A parent who is needed in the home on a full-time basis in order to care for a child under the age of eighteen (18) months. To qualify for such deferment, a parent of a child older than the age of six (6) months shall cooperate in the development of a family development plan and shall participate in the education, training and other activities necessary for the completion of such plan if the parent has not already done so before the expiration of the fifteen (15) month or thirty (30) month time limit;
- (5) A parent who is needed in the home on a full-time basis in order to care for an ill or disabled parent, spouse or child;
- (6) A parent who attends classes at least twenty-four (24) hours each week for the purpose of attaining a high school diploma or general educational development (GED) certificate, provided the parent is making satisfactory progress toward the attainment of such diploma or certificate;
- (7) A parent who is enrolled in, attending, and making satisfactory progress toward the completion of a program of post-secondary education or training when their fifteen (15) month or thirty (30) month time limit expires, as follows:
  - (A) A parent who is enrolled full-time in a post-secondary education program whose normal duration is no more than two (2) years and who is within

six (6) months of expected completion of such program shall be deferred from work requirements until they have completed the program, they are no longer attending the program, or the six (6) month expected completion period has ended, whichever occurs first;

(B) A parent who is enrolled full-time in a post-secondary education program whose normal duration is more than two (2) years but no more than four (4) years and who is within twelve (12) months of expected completion of such program shall be deferred from work requirements until they have completed the program, they are no longer attending the program, or the one (1) year expected completion period has ended, whichever occurs first;

(C) A parent who is enrolled in at least six (6) credit hours of course work or the equivalent but less than full-time in a post-secondary education program, but who does not meet the criteria in subdivisions (A) and (B) shall have a reduced work requirement of twelve (12) hours per week, which may be met by a community service program.

(8) Any other parent designated by the department according to criteria established by rule.

(j) The department shall work with the county office, agency or department designated by the county legislative body in implementing the program in each such participating county.

SECTION 6. (a) Beginning six (6) months after the implementation of the program, financial incentives, as established through rules adopted by the department, shall be provided to recipients participating in the demonstration program who receive a high school diploma or general equivalency diploma.

(b) Persons participating in an education incentive plan shall be referred, based on a needs assessment, to participate in educational programs, job training courses, parenting skills classes, family planning courses, or to obtain substance abuse treatment, mental health

counseling, prenatal care, nutrition counseling or services, or any other treatment necessary to attain self-sufficiency. Such services may be provided by public or private entities that contract with the county departments pursuant to Section 5(d).

SECTION 7. (a) An employable recipient in an AFDC household participating in the demonstration program shall be required to be employed, to be participating in an educational program, or to participate in the JOBS program or other programs developed by the department in accordance with subsection (b) or by individual county departments participating in the program. The demonstration work program shall be designed with the following goals:

(1) After receiving AFDC for fifteen (15) months, an able-bodied primary wage earner in a two-parent family shall obtain a full-time job;

(2) After receiving AFDC for thirty (30) months, an able-bodied single parent or an able-bodied parent in a two-parent family in which one parent is incapacitated shall accept:

(A) a half-time job if the family includes at least one (1) child under the age of thirteen (13); or

(B) a full-time job if the family does not include at least one (1) child under the age of thirteen (13).

(3) Pregnant mothers whose fifteen (15) month or thirty (30) month time limit has expired shall continue to hold a job unless there has been a medical determination that the parent is unable to participate or the parent is exempt based on other criteria established by rule. However, a pregnant mother shall not be required to begin a new job;

(4) Parents subject to a work requirement shall accept any unsubsidized job they are capable of performing even if it pays wages which are less than the AFDC grant;

(5) If no unsubsidized job is available, parents subject to a work requirement shall be encouraged to develop a family development plan and shall accept a subsidized job offered by a public or nonprofit employer.

(b) The department shall work cooperatively with public and private, local and regional entities:

(1) To develop subsidized jobs with public and nonprofit employers, using the same health and safety standards in effect for unsubsidized jobs;

(2) To adopt rules which set priorities for services of benefit to the people of Tennessee and which prevent displacement of previously unsubsidized workers by subsidized parents receiving AFDC; and

(3) To ensure that necessary support services are available, appropriate, and within a reasonable distance, including child care, health care, and transportation.

(c) A recipient who fails to participate in such activities shall be subject to sanctions for nonparticipation set forth in this act.

(d) In developing the waiver and rules concerning sanctions, the department may consider imposing the sanctions as provided in subsections (e) or (f), or both.

(e)

(1) Upon the expiration of two (2) years during which an employable recipient received AFDC, including any period during which sanctions were imposed, the AFDC grant for the household in which the recipient resides shall be calculated without considering the needs of the recipient if:

(A) Such person is not employed or participating in an educational program or, without good cause, is not participating in the JOBS program; and

(B) Such person has been subject to sanctions pursuant to this section during the two (2) year period.

(2) The calculation described in subdivision (1) of this subsection shall be permanent for the length of the demonstration program, to the extent authorized by federal waiver.

(3) Any income or resources of the employable recipient shall be considered available to the household.

(f)

(1) If a parent is required to work and fails without good cause to accept and carry out such work, or quits a job without good cause or is dismissed from a job for cause, the family shall be eligible to receive AFDC but shall not receive cash payments by mail or electronic transfer. In lieu of AFDC cash payments by mail or electronic transfer, the commissioner of human services shall provide vendor payments for housing, utilities and food. Any balance of AFDC remaining after vendor payments have been deducted shall be paid in the form of two (2) checks, the first to be paid within the first half of the calendar month and the second to be paid within the second half of the calendar month.

(2) To receive payments under subdivision (1) of this subsection, a parent shall attend three (3) meetings each month and shall report such person's circumstances monthly on a form provided by the commissioner. Two (2) of the meetings shall be to provide information and documentation necessary for vendor payments and to compute any remaining balance. The third meeting shall be for initial assessment and development of the family development plan when such tasks have not been completed; reassessment or review and revision of the family development plan, if appropriate; and to encourage the parent to fulfill the work requirement. The commissioner may waive any meeting when extraordinary circumstances prevent a parent from attending.

(3) Families sanctioned under this act for failure to meet work requirements shall remain eligible for food stamps and shall not, because of such failure, be subject to the

food stamp program's sanctions for "failure to comply without good cause" and "voluntary quit without good cause".

SECTION 8. The department shall provide for the consolidation of any AFDC, food stamps, or child care benefits into a unified cash benefit for appropriate recipients participating in the demonstration program. On or before July 1, 1996, county departments for participating counties shall commence payment of consolidated benefits to participants on a phased-in basis. Beginning July 1, 1996, or six (6) months after the implementation of the program, whichever occurs later, consolidated payments shall be made to all participants in the participating counties.

SECTION 9. (a) A caretaker applicant or recipient of AFDC shall provide verification that the dependent children of the AFDC household whose ages are twenty-four (24) months or less have received appropriate immunizations against contagious diseases in accordance with Tennessee Code Annotated, Title 37, Chapter 10, Part 4.

(b) The failure of a caretaker recipient to comply with the provisions of subsection (a) of this subsection without good cause shall result in financial sanctions as set forth in rules adopted by the department. No sanction may be imposed without providing the recipient an opportunity for a fair hearing in accordance with the "Uniform Administrative Procedures Act", Title 4, Chapter 5.

SECTION 10. (a) The department shall submit a preliminary report to the general assembly no later than December 1, 1996, as to the status of any federal waivers requested by the department and as to the extent, if any, to which the demonstration program has been implemented.

(b) The department shall contract with an independent agency to evaluate the overall effectiveness and cost-efficiency of the personal responsibility and employment demonstration program. The agency shall evaluate the demonstration program annually and shall submit to the general assembly a final report on the overall effectiveness and cost-efficiency of the

demonstration program, with written findings and recommendations for the continuation and statewide implementation of the personal responsibility and employment demonstration program. The final report shall be made at the same time a report is submitted to the appropriate federal agency in compliance with any federal evaluation requirement.

SECTION 11. Provisions of Title 71 not included in this act shall apply to the extent such provisions are consistent with the provisions of this act. To the extent there is a conflict between the provisions of this act and any other provision of Title 71, the provisions of this act shall supersede the conflicting provision, but only if the provision in this act is authorized by federal waiver.

SECTION 12. (a) The implementation of this act is conditioned, to the extent applicable, upon the issuance of necessary federal waivers by the federal government, available appropriations, and the availability of sufficient pilot sites. The provisions of this act shall be implemented to the extent authorized by federal waiver. The department shall submit a report to the general assembly as to provisions that have been approved by federal waiver with recommendations for legislation that conforms with the waiver provisions no later than the next regular legislative session following the issuance of the waiver.

(b) Provisions of this act that are approved by the federal government and are authorized by federal waiver shall remain in effect only for as long as specified in the federal waiver. The department shall provide written notice to the Tennessee Code Commission of the date specified in the waiver, and this act shall be repealed, effective July 1 of the year specified in the waiver.

(c) This act is repealed, effective July 1, 2000, unless repealed prior to such date in accordance with subsection (b) of this section.

SECTION 13. A county which intends to participate in the demonstration program shall by resolution designate the county office, agency or department to work with the department of

human services to implement the program in such county and shall advise the commissioner of human services of such fact.

SECTION 14. For purposes of promulgating rules and regulations, this act shall take effect upon becoming a law, the public welfare requiring it. For all other purposes, this act shall take effect July 1, 1995, the public welfare requiring it.